



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

December 13, 2002

Senator Gary R. George and
Representative Joseph K. Leibham, Co-Chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

In addition to our review of the Department of Health and Family Services' regulation of nursing homes and assisted living facilities (report 02-21), which we completed at the direction of the Joint Legislative Audit Committee, we have separately reviewed the performance of nursing homes in the City of Milwaukee. The Department exercises its regulatory authority through staff in five regional offices, and the City of Milwaukee is located in the Southeastern Region. The number of nursing home regulatory staff in this region increased from 38.0 full-time equivalent (FTE) staff in FY 1997-98 to 44.0 FTE staff in FY 2000-01, or by 15.8 percent.

We found that nursing homes in Milwaukee are generally larger than those in the rest of the state, have lower occupancy rates, are reimbursed for a lower percentage of their allowable Medical Assistance (Medicaid) costs, are cited for code violations more frequently, and experience higher staff turnover. Our recommendations to address nursing home regulatory issues statewide are included in report 02-21.

We appreciate the courtesy and cooperation extended to us by the Department of Health and Family Services.

Sincerely,

A handwritten signature in cursive script that reads 'Janice Mueller'.

Janice Mueller
State Auditor

JM/KW/bm

NURSING HOMES IN MILWAUKEE

The Bureau of Quality Assurance within the Department of Health and Family Services is responsible for the regulation of nursing homes in the State of Wisconsin. All nursing homes are subject to annual inspections, which involve on-site reviews by multi-disciplinary teams of inspectors. Nursing homes are also inspected when the Department receives a complaint from a resident, family member, or other interested party. If a facility is found to be in violation of any state or federal regulation, the Department issues a citation for the deficient practice.

Types of Homes

As shown in Table 1, 8.4 percent of the 462 nursing homes in Wisconsin as of June 30, 2001, were located in the City of Milwaukee. These nursing homes included:

- 36 skilled nursing facilities, which serve individuals whose medical needs, as prescribed by a physician, require either direct professional nursing services or care provided under the supervision of professional nurses, such as registered or licensed practical nurses; and
- 2 facilities for the developmentally disabled, which provide specialized care to persons with mental retardation or a related condition. Proportionately, Milwaukee did not have as many of these facilities as the rest of the state; its 2 facilities represented 5.0 percent of the statewide total.

Table 1

Percentage of Nursing Homes in Milwaukee June 30, 2001

<u>Type of Nursing Home</u>	<u>City of Milwaukee</u>	<u>Wisconsin</u>	<u>Percentage in Milwaukee</u>
Skilled care facilities	36	415	8.7%
Intermediate care facilities	0	3	0.0
Facilities for the developmentally disabled	2	40	5.0
Institutes for mental disease	<u>1</u>	<u>4</u>	25.0
Total	39	462	8.4%

The one institute for mental disease in Milwaukee is a home with more than 16 beds that provides diagnosis, treatment, and care for persons with mental illnesses, such as schizophrenia. It is not included in our analyses because the process used to inspect institutes for mental disease is not comparable to the inspection processes used in other types of nursing homes.

Concerns have been expressed regarding nursing home closings and the resulting adverse effects on residents, their families, and the facility owners and employees. From FY 1999-2000 through FY 2000-01, 3 of the 11 nursing homes that closed statewide, or 27.3 percent, were in Milwaukee. During that same period, no new nursing homes opened in Milwaukee and four opened elsewhere in the state.

Capacity and Medicaid Reimbursement in Nursing Homes

Because nursing homes vary in size, we compared the capacity of Milwaukee's nursing homes to the city's population. We found the percentage of licensed beds in Milwaukee proportionate to the city's share of the state's population. As of June 30, 2001, 5,383 of the state's 48,351 licensed beds, or 11.1 percent, were located in Milwaukee, and the city accounted for 11.1 percent of Wisconsin's population.

As shown in Table 2, nursing homes in Milwaukee are larger, on average, than nursing homes in the rest of the state, having 40 more licensed beds. However, the occupancy rate is lower, on average, in Milwaukee than in the rest of the state; 80.3 percent of nursing home beds in Milwaukee are occupied, compared to 86.3 percent in the rest of the state. Because nursing homes have fixed costs, such as utilities and property costs, that they must pay regardless of whether all licensed beds are occupied, the extent to which there are more unoccupied beds in Milwaukee indicates that Milwaukee nursing homes may have higher costs that are not being covered through resident payment.

Table 2

Average Licensed Beds and Daily Census December 31, 2000¹

	<u>Average Licensed Beds per Nursing Home</u>	<u>Average Daily Census per Nursing Home</u>	<u>Occupancy Rate</u>
City of Milwaukee	142	114	80.3%
Balance of state	102	88	86.3

¹ For facilities open as of June 30, 2001.

Furthermore, most nursing homes that received funding through the federal Medical Assistance (Medicaid) program were not reimbursed for all of their federally determined allowable costs. We found that nursing homes in Milwaukee received reimbursement for a lower percentage of their allowable Medicaid costs than nursing homes in the rest of the state. Nursing homes in Milwaukee had an estimated 84.0 percent of allowable Medicaid costs reimbursed in FY 2000-01, while the estimated reimbursement rate in the balance of the state was 89.1 percent. Determining the explanations for this difference was beyond the scope of this limited review.

Citations for Deficient Practices

Department nursing home inspectors are responsible for enforcing both federal and state regulations. We analyzed the citations in Milwaukee relative to all nursing homes in the state. Statewide, the number of federal citations increased from 2,580 in FY 1999-2000 to 2,938 in FY 2000-01, as shown in Table 3. While the number of federal citations outside of Milwaukee increased from 2,132 in FY 1999-2000 to 2,516 in FY 2000-01, or by 18.0 percent, the number in Milwaukee decreased from 448 to 422, or by 5.8 percent. The scope and severity of federal citations issued to skilled and intermediate care facilities can be summarized into four categories, as shown in Table 3. These scope and severity levels do not apply to citations issued to facilities for the developmentally disabled.

Table 3

Federal Nursing Home Citations Issued Statewide FY 1997-98 through FY 2000-01

	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>FY 2000-01</u>
Skilled and Intermediate Care Facilities				
No harm but potential for minimal harm	383	408	312	354
No harm but potential for more than minimal harm	2,066	2,266	1,862	2,245
Actual harm but not immediate jeopardy	190	183	182	142
Immediate jeopardy to resident health or safety	2	12	24	23
Severity level not available	6	6	5	2
Facilities for the Developmentally Disabled	<u>178</u>	<u>217</u>	<u>195</u>	<u>172</u>
Total	2,825	3,092	2,580	2,938

As shown in Table 4, 14.4 percent of all federal citations issued to skilled and intermediate care nursing homes in Wisconsin in FY 2000-01 were issued to nursing homes in Milwaukee. This percentage is higher than would be expected, based on the percentage of nursing homes and residents in Milwaukee. Furthermore, the percentage of more-severe deficiencies, such as actual harm, was also higher in Milwaukee. However, none of the most severe citations, immediate jeopardy, were issued in Milwaukee in FY 2000-01.

Table 4

Percentage of Federal Nursing Home Citations Issued in Milwaukee
FY 1997-98 through FY 2000-01

	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>FY 2000-01</u>
Skilled and Intermediate Care Facilities¹				
No harm but potential for minimal harm	9.1%	9.1%	10.6%	8.5%
No harm but potential for more than minimal harm	18.4	17.9	18.4	15.2
Actual harm but not immediate jeopardy	20.0	20.2	17.6	14.8
Immediate jeopardy to resident health or safety	50.0	25.0	8.3	0.0
Severity level not available	0.0	16.7	0.0	0.0
Facilities for the Developmentally Disabled	7.3	3.7	20.0	16.9
Percentage of All Federal Citations in Milwaukee	16.6	15.9	17.4	14.4

¹ There are no intermediate care facilities in the City of Milwaukee

Although only 5.0 percent of the facilities for the developmentally disabled statewide are located in Milwaukee, citations at one—The Jackson Center—accounted for 17.9 percent of federal citations issued to facilities for the developmentally disabled statewide in FY 1999-2000, and 12.2 percent in FY 2000-01. The Jackson Center was placed in receivership in May, and it is expected to close by the end of 2002. The percentage of federal citations it was issued since FY 1997-98 is shown in Table 5.

Table 5

**Percentage of Federal Citations for Facilities for the Developmentally Disabled Statewide
Issued to The Jackson Center**
FY 1997-98 through FY 2000-01

<u>Fiscal Year</u>	<u>Statewide Total</u>	<u>Percentage Issued to The Jackson Center</u>
1997-98	178	2.8%
1998-99	217	0.9
1999-2000	195	17.9
2000-01	172	12.2

The number of complaints filed against nursing homes in Milwaukee has also increased and is disproportionate to the number of licensed beds in the city. In FY 1997-98, 21.1 percent of all complaints were filed in Milwaukee. In FY 2000-01, when Milwaukee accounted for 11.1 percent of licensed nursing home beds, this percentage increased to 23.2 percent.

Staff Turnover

The rate of staff turnover in nursing homes, particularly among certified nursing assistants and registered nurses, can affect resident care. In the survey conducted by the Department for calendar year 2000, Milwaukee nursing homes reported a higher rate of turnover than the rest of the state. For example, 81.1 percent of nursing homes in Milwaukee reported turnover of more than one-half of their certified nursing assistants. In the rest of the state, 53.9 percent of nursing homes reported the same turnover rate. Similarly, 48.6 percent of nursing homes in Milwaukee reported turnover of more than one-half of their registered nurses. In the rest of the state, 19.9 percent of nursing homes reported the same turnover rate.
